

Washington State Gambling Commission



Charitable/Nonprofit Gambling:

- Legislative Purpose and Authorized Activities
- Charitable & Nonprofit Programs
- Regulation Approach
- State of Bingo

Legislative Purpose

RCW 9.46.010 declares that raising funds for bona fide nonprofit & charitable organizations through certain gambling activities is in the public interest



Which Nonprofit/Charitable Organizations Qualify?

Primarily organizations classified exempt by IRS for federal income taxes qualify

All organizations must be organized for at least one of the following purposes:

- | | | |
|-----------------|--------------|------------------|
| 1. Charitable | 6. Political | 11. Agricultural |
| 2. Benevolent | 7. Social | |
| 3. Eleemosynary | 8. Fraternal | |
| 4. Educational | 9. Civic | |
| 5. Patriotic | 10. Athletic | |



Additional Requirements to Conduct Charitable/Nonprofit Gambling Activities

- Must be organized for at least 12 months
- No less than 15 voting members that elect the governing body
- Ability to demonstrate significant progress towards stated purpose

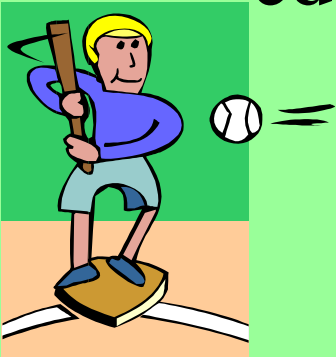
What Types of Gambling Activities Can Nonprofit/Charitable Organizations Operate?

2002 Gross Receipts

- | | |
|---------------------------|----------------|
| • Bingo | \$ 128,252,938 |
| • Punchboards & Pull-Tabs | \$ 89,619,585 |
| • Raffles | \$ 6,543,571 |
| • Amusement Games | \$ 238,611 |
| • Fund Raising Events | \$ 100,446 |

Nonprofit/Charitable Programs

- There are a broad variety of programs operated by nonprofit/charitable organizations that are driven by the purpose of each particular organization
- Programs commonly include social services, education, athletics, and youth development



Top 10 Bingo Operators According to Gross Receipts

| | | | | | PRIZES | |
|----|--|--|--|-----------------|-------------|------------|
| | | | | <u>RECEIPTS</u> | <u>PAID</u> | <u>PO%</u> |
| | | | | | | |
| 1 | Seattle Junior Hockey/Mountlake Terrace | | | \$4,998,681 | \$3,654,579 | 73.1% |
| 2 | Music Works Northwest/Renton | | | 4,855,102 | 3,464,669 | 71.4% |
| 3 | Northern Lights Drum & Bugle/Longview | | | 4,564,489 | 3,127,118 | 68.5% |
| 4 | 40 & 8 # 00099/Vancouver | | | 4,321,335 | 2,975,253 | 68.9% |
| 5 | Big Brothers Big Sisters/King Co./Burien | | | 3,853,184 | 2,758,420 | 71.6% |
| 6 | Seattle Skating Club Inc./Edmonds | | | 3,779,087 | 2,834,288 | 75.0% |
| 7 | Cascades Youth Music Assoc./Shoreline | | | 3,697,932 | 2,716,746 | 73.5% |
| 8 | Silver Buckle Rodeo Club/Vancouver | | | 3,358,512 | 2,324,143 | 69.2% |
| 9 | Sno-King Amateur Hockey Assoc./Kirkland | | | 3,210,047 | 2,404,230 | 74.9% |
| 10 | Jaycees/Seattle/Tukwila | | | 3,199,119 | 2,377,901 | 74.3% |

Bingo Demographics

- More than 65% of licensees have less than \$100,000 in annual gross receipts
- Less than 13% of licensees have more than \$2 million in annual gross receipts
- Prize payouts at between 68 and 75 percent



How Much Gambling Proceeds Go Towards the Programs?



Fiscal Year 2000

| <u>Activity</u> | <u>Net Income</u> |
|-----------------|-------------------|
|-----------------|-------------------|

| | |
|-------|---------------------------------|
| Bingo | \$9,617,455 (6.08% of gross) |
|-------|---------------------------------|

| | |
|------------|-----------------------------------|
| All others | \$11,045,733 (10.46% of gross) |
|------------|-----------------------------------|

Fiscal Year 2002

| <u>Activity</u> | <u>Net Income</u> |
|-----------------|-------------------|
|-----------------|-------------------|

| | |
|-------|---------------------------------|
| Bingo | \$7,989,969 (6.23% of gross) |
|-------|---------------------------------|

| | |
|------------|---------------------------------|
| All others | \$9,392,985 (9.73% of gross) |
|------------|---------------------------------|

Regulation Approach

- **Qualification Reviews (Greater than 3 million gross receipts)**
 - Determine compliance with significant progress according to dollars spent on programs
 - Present finding to Commissioners (each organization every three years)
- **Program Reviews (Greater than 3 million gross receipts)**
 - Analyze and confirm content of programs
 - Review financial records and statements



Regulation Continued



- **Cash Flow Compliance**

Ensures nonprofit/charity is making a profit to benefit the organization's stated purpose

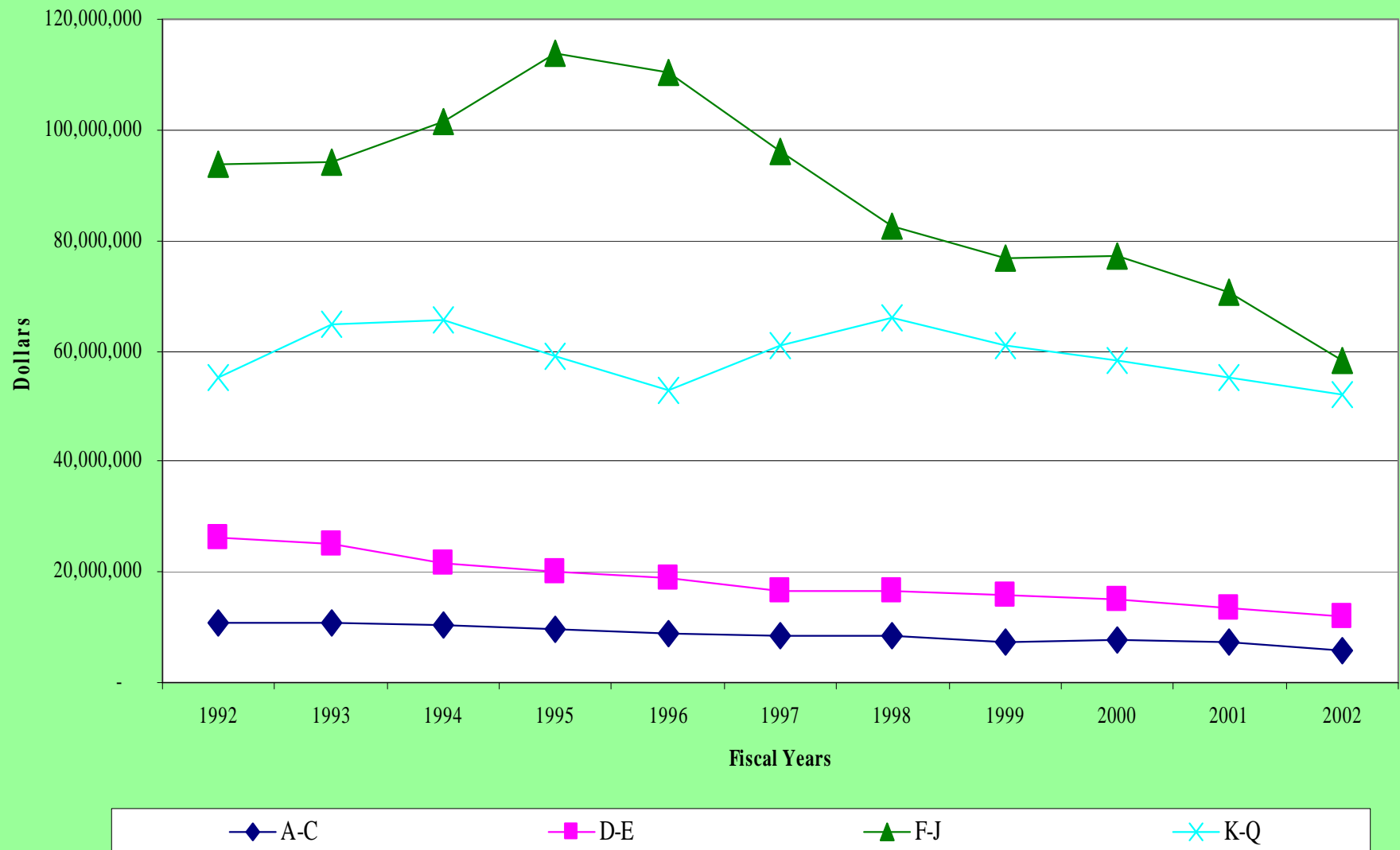
Sets a minimum requirement according to the gross receipts earned

- **Compliance and Records Inspections**

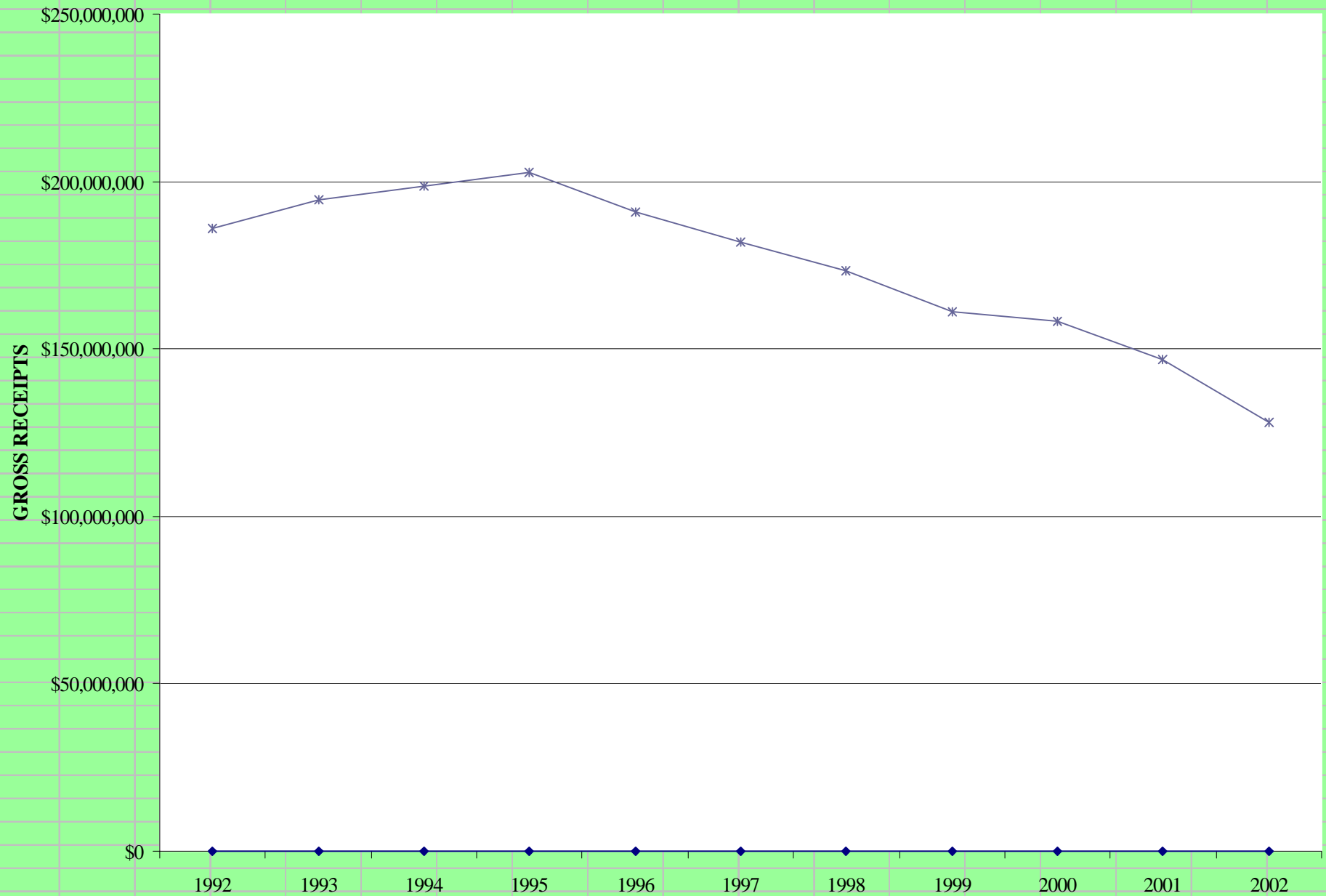
Ensure games are operated fairly and records are accurate.

State of Bingo

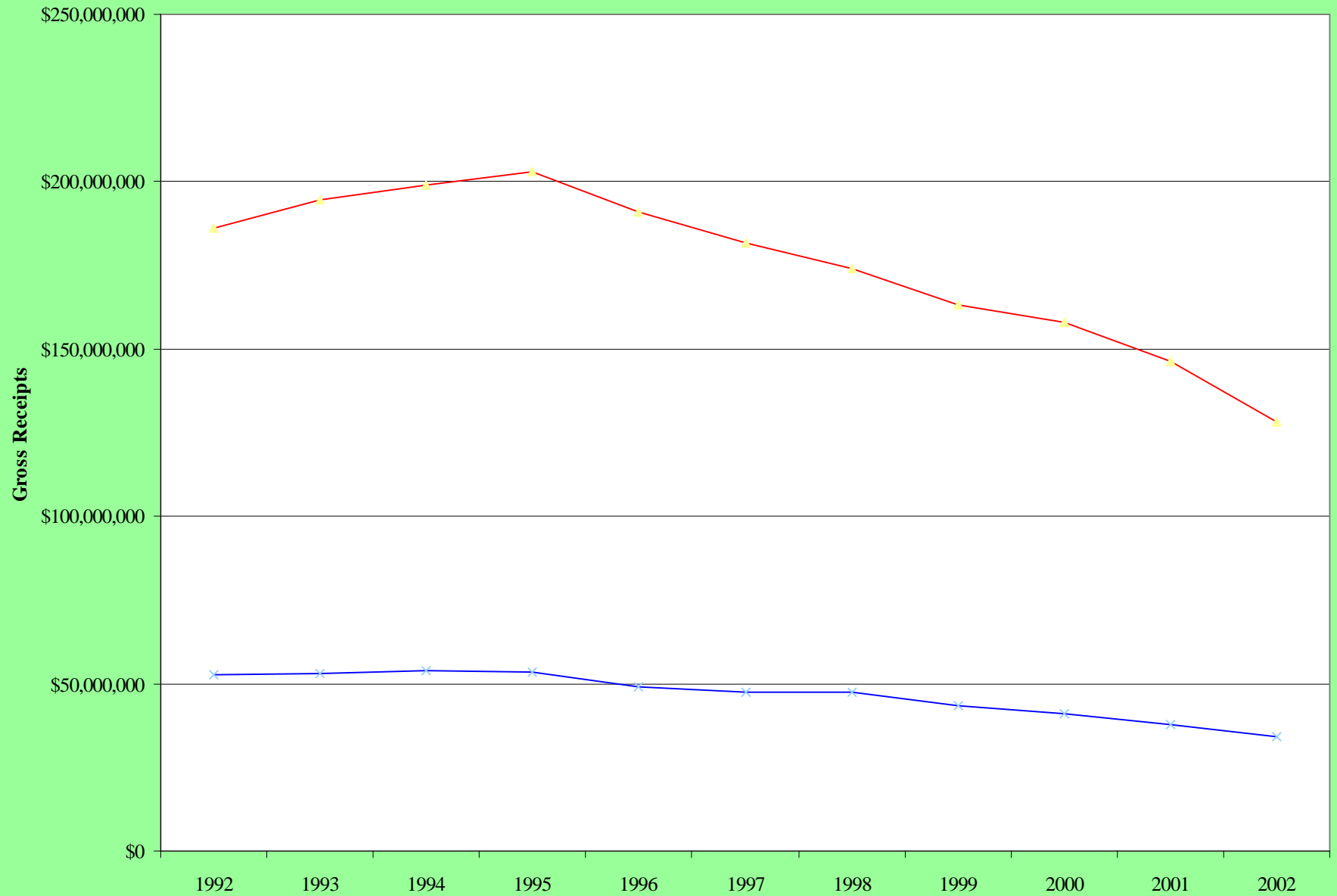
Gross Receipts By License Class



TOTAL GROSS RECEIPTS FOR BINGO FROM 1992 - 2002

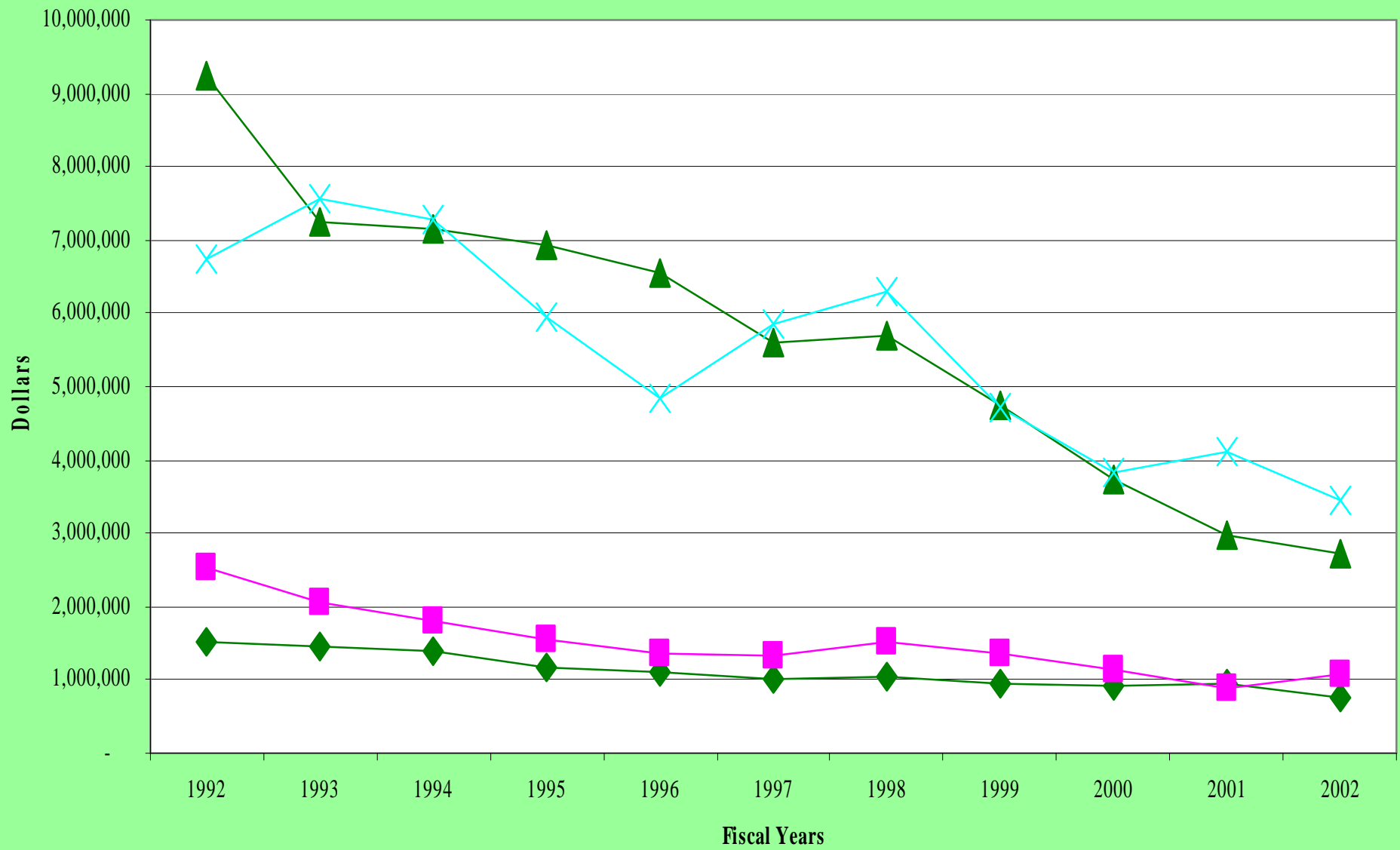


Bingo Gross Receipts to Net Receipts 1992 - 2002



—▲— Gross Receipts —x— Net Receipts

Bingo Net Income By License Class



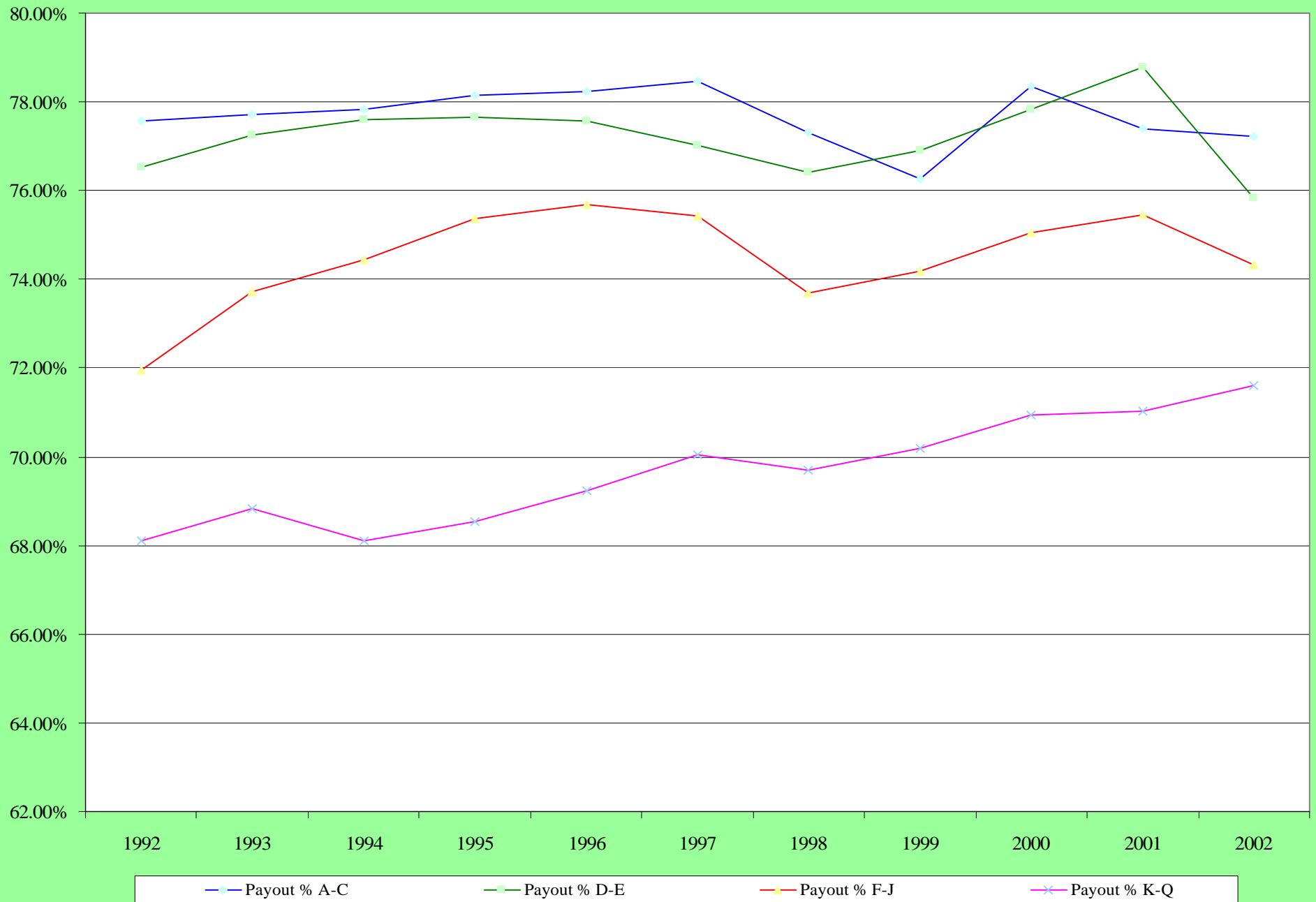
◆ A-C

■ D-E

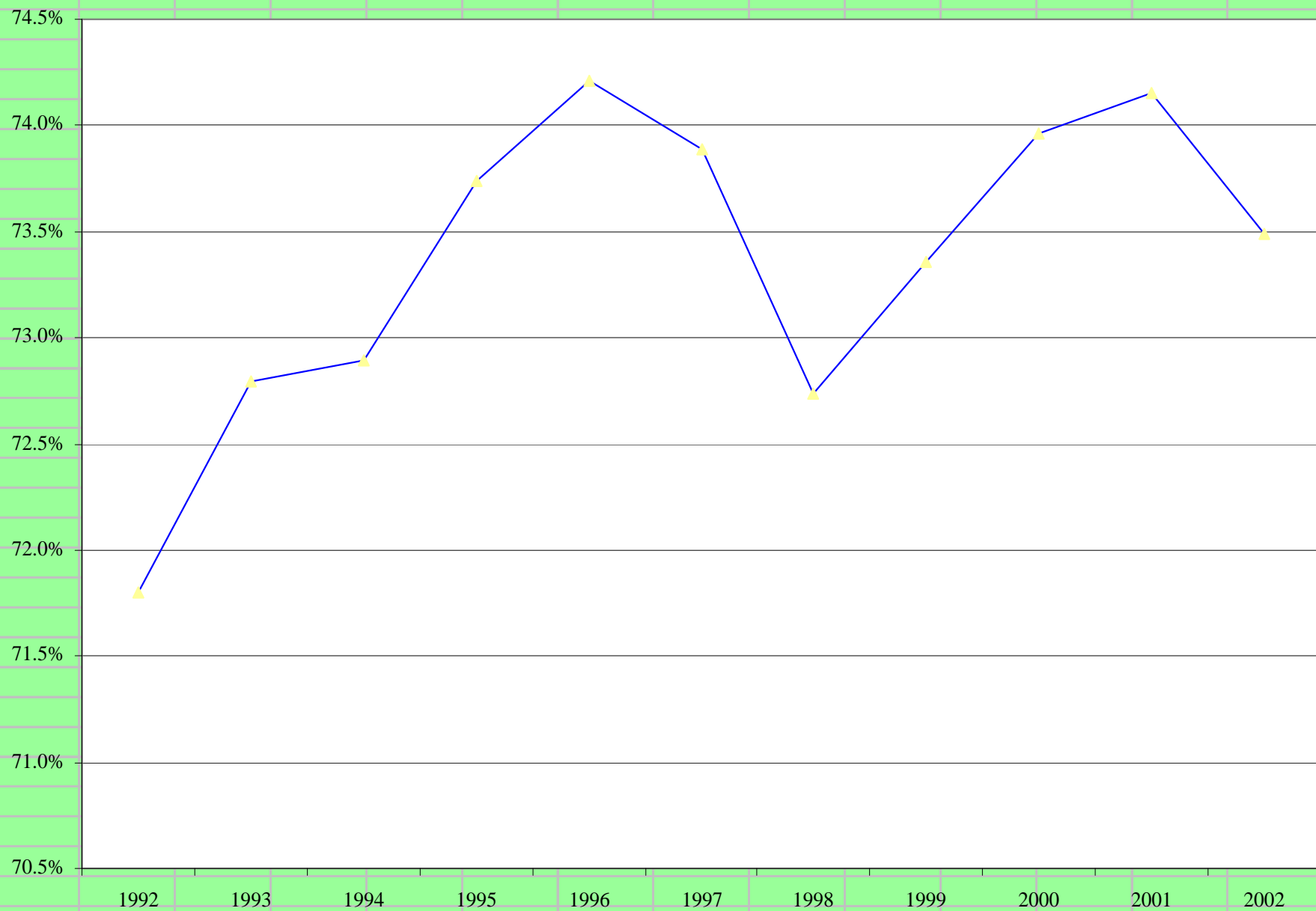
▲ F-J

✕ K-Q

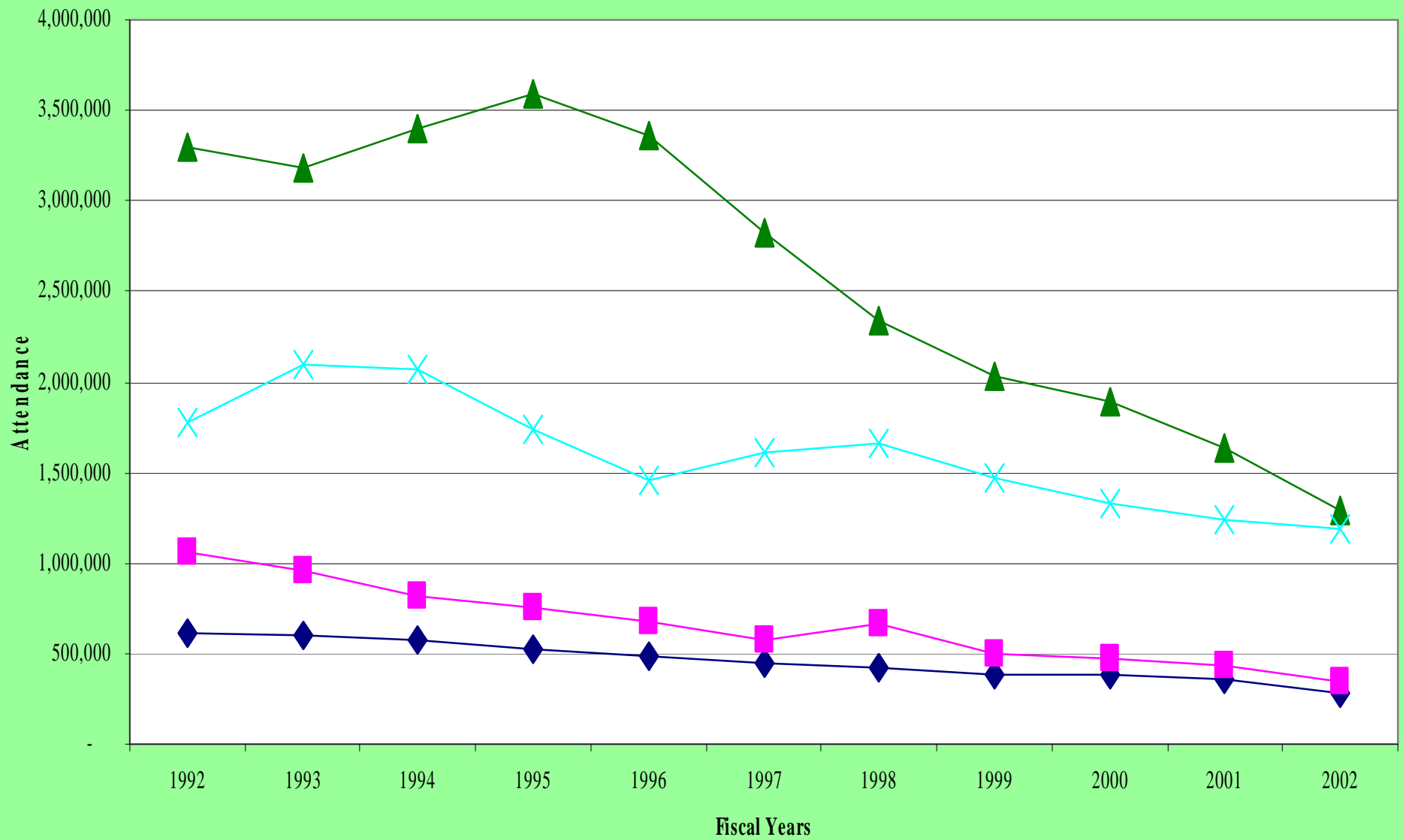
Bingo Payout Percentages by Class 1992 - 2002



Payout Percentage for Bingo 1992 - 2002



Bingo Attendance By License Class



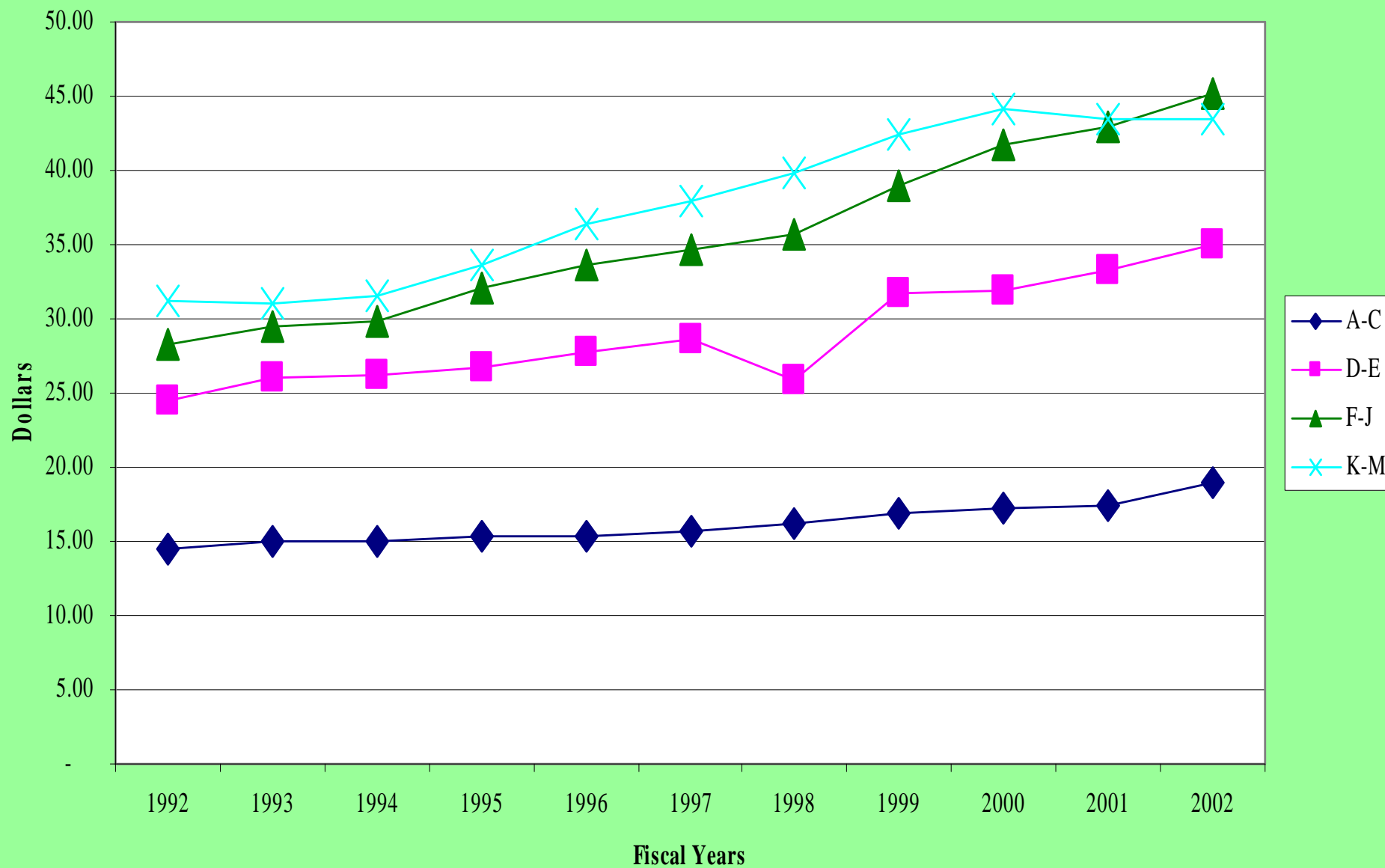
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■ D-E

▲ F-J

✕ K-Q

Bingo Gross Receipts Per Player By License Class



Number of Bingo Licenses 1992 - 2002

